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APRIL 25, 1966

THAILAND'S INDUSTRIES CHANGING ITS FARM TRADE

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YUGOSLAVIA'S ECONOMIC REFORM

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Including FOREIGN CROPS AND MARKETS

APRIL 25, 1966

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Above, typical Thai store where flour is sold, and right top, U.S. wheat group poses with officials of country's only flour mill. Right, automatic power spindle in modern cotton mill.

Thailand's Industrial Progress Changing Its Farm Trade

By SAMUEL H. WORK
U.S. Agricultural Attaché
Bangkok, Thailand

Soon after World War II, Thai officials realized that it was no longer wise to depend on a one-crop economy—that crops other than rice should be developed. The foresight of these officials has been justified. Thailand's agriculture has become relatively well diversified, and this change has affected the pattern of the country's farm trade. Thailand is now the No. 4 corn exporter of the world, a major source of kenaf and tapioca products, and a world leader in castorseed exports.

A further economic transformation is now underway, one that has already brought other changes both in Thailand's farming and in its farm trade. As Thai economic planners see the future, industrial development is an important factor; and they have laid special stress upon industries utilizing farm products.

A special act entitled the Industrial Investment Promotion Act of 1962 permitted new industries (depending on the category) numerous privileges during the first 5 years of operation. Among the young industries that have benefited from this program are those producing dairy products, flour, cotton, gunnysacks, soap, and tobacco.

Dairy manufacture expands

Three dairy firms have been established in the past few years, manufacturing milk products from imported milk fat and nonfat dry milk. One imports from the United States, one from Australia, and one from New Zealand.

Earliest of these, Foremost Dairies (Bangkok), Ltd., benefited for several years from a joint market development project of the Foreign Agricultural Service and Dairy Society International. The operation of this plant to produce reconstituted milk and other dairy items has meant sales of U.S. milk fat and nonfat in a country where there had been none before.

Another firm, the Thai Dairy Industry Company, Ltd., is jointly capitalized by Thai, Malaysian, and Australian investors and uses Australian milk fat and nonfat to produce its own brand of sweetened condensed milk. Its capacity is 1 million cases a year, each with 4 dozen 14-ounce cans. This plant's sales, having overcome the initial public resistance to accept a new brand, are expected to make inroads on the long-term trade of the Netherlands, Denmark, and Switzerland with Thailand.

The third firm is the Thai Milk Products Company, Ltd., a joint Thai and New Zealand venture that will use New Zealand milk fat and nonfat to the extent of US$2.5 million annually. The capacity of this condensery will be 1 million cases of 4 dozen 16-ounce cans a year.

When a U.S. Dairy Trade Mission visited Thailand in early 1965, it discussed with the management of this new plant the possibility of supplying U.S. raw materials. However, even though the management preferred the U.S. products, none of the U.S. dairy interests represented on the Mission team could offer fat and nonfat at a guaranteed annual price. The New Zealanders could and did, and have already made sales in anticipation of the plant's expected opening in the first half of 1966.

Dairy farming follows suit

Observing the success of the Foremost operation and realizing the further domestic marketing opportunity offered by the two new condenseries and two others author-

Left, girls plant tobacco in harvested rice field, and below, experimental plantings of oriental tobacco. Opposite page top, kenaf is sorted and graded, and below, youngsters wait for glass of U.S. recombined milk at Bangkok trade fair. From this Thailand's dairy business started.

ized by the Board of Investment, officials in the Ministry of Agriculture have been promoting dairy farming.

Danish farmers, through their government, made a gift of 30 bred Red Dane heifers in 1962, and an agreement was signed for a dairy project. A site was selected along the Friendship Highway about 90 miles northeast of Bangkok, to be used as an experimental dairy farm and training center for village boys.

Artificial insemination, now practiced at several livestock stations in Thailand, is improving the farmers' dairy stock. Milk sales, mostly to local coffee shops at present, are a new source of income to owners; and as cow numbers increase, the condenseries will provide a readymade milk market.

Continued growth in dairying will require breeding animals. The government has appropriated a sum of money for the purchase of foreign dairy stock, and it is certain now that the United States may be able to share in this fund to the extent of $75,000. Once commercial trade in live animals is established on a satisfactory basis, it can be expected that purchases will continue as new breeding stock is required; i.e., in 1967 about $150,000 may be spent in the United States for breeding animals.

Import shift from flour to wheat seen

Historically, Thailand has been an importer of wheat flour, on occasion taking nearly 30,000 metric tons a year. Australia has been the principal source, with Canada second. The U.S. share has never been very large, averaging around 5 percent. In 1964, however, it jumped to 10, owing at least in part to vigorous efforts by Thai representatives of two U.S. flour mills.

In the future, the flour import picture will change. The United Flour Mill Company, Ltd., a joint Thai-German venture with a present milling capacity of 130 metric tons of wheat daily, plans to expand its capacity to 170 tons within 1966. This mill will then be able to supply all of Thailand's flour requirements except for specialty flour mixes.

With its additional facilities, the United Flour Mill will use at least 50,000-60,000 tons of wheat annually, or around 5,000 per month. Australia will then lose its flour business in Thailand but switch to sales of wheat. Canada also loses a flour market, but it may gain a wheat market through stocks of Canadian wheat held by traders in Singapore.

The United States may obtain a share of this market if it can devise some method of making smaller deliveries or of stocking wheat in a central place in this area, from which such deliveries can be made to several mills.

At present, Australia has Thailand's business because it is geared to bulk-ship lots of 5,000 to 6,000 tons to Bangkok. So far, major U.S. grain exporters have not been competitive in shipments of this small size to the Far East.

Because of the flour mill, Thailand is now an exporter of wheat byproducts like bran and middlings. These represent new exports and new foreign exchange earners. In addition, they provide new employment.

Cotton industry booms

Perhaps one of the most striking industrial changes in the past 4 years has been the rapid increase in spindles in cotton mills. These numbered about 105,000 in 1962, and by the end of 1966 there should be 265,700. The number of looms, too, is increasing; from 3,156 in 1964 it will rise to nearly 4,500 in 1966.

Even in the 1964-65 cotton year, this mill expansion had already resulted in a larger volume of raw cotton imports—all for cash. Imports that year jumped to 84,559 bales—more than double the previous year's. By 1966-67, total raw cotton use can easily reach 200,000 bales, of which about three-fourths will be imported.

Expansion of these mills has meant increased cotton exports for the United States, Mexico, Nicaragua, and Brazil. Normally, the United States supplies three-fourths of Thailand's cotton imports, but as demand has increased, supplies have come from additional sources. The greater demand has also resulted in more American shippers seeking representation in Thailand. In 1962 there were only 5; currently, there are 10.

The growth in cotton requirements has caused the Thai

Government to engage in an intensive program for increasing domestic cotton production. Such a program can be particularly advantageous to the low-income farmers in the sensitive northeastern Provinces. Emphasis is now being placed on American and REBA (a Near East cotton) varieties, though the Thai derived varieties SK14 and 32 are still being pushed.

Changes in kenaf trade

Patterns have changed with kenaf, also. This is one of the crops the Thai Government has been encouraging, with the double aim of diversifying agriculture and supporting the manufacture of gunnysacks. Before 1949, Thailand had no gunnysack factories; even as late as 1960, there were only three. Meanwhile, kenaf production was expanding far beyond the local industry's ability to utilize it.

Now, however, there are nine factories, with a total capacity of 70 million bags annually, providing a direct home market for much more of Thailand's kenaf production.

Kenaf exports have been an important source of foreign exchange for Thailand, especially in years when world jute supplies are low. Through 1964, these exports went mainly to Western Europe, Japan, and the United States; considerable amounts also go to India as a jute supplement, though Thailand no longer needs to import the quantities of finished gunnysacks that formerly came from that country in return.

Not only is this new trend toward home production of gunnysacks saving much foreign exchange for Thailand, but it is expected that gunnysacks as well as baled kenaf may soon be a regular export item to neighboring countries. South Vietnam has already expressed an interest in gunnysack purchases. Production of top-quality fiber in larger volumes will not be possible, however, until clean retting facilities are available.

Young soap industry a market for fats

In early 1962, before many travelers frequented Thailand's upcountry areas, visitors there either brought or bought their own soap, for hotels did not generally supply it. This is no longer so. With expanded soap output, most new hotels built in the north, northeast, and south follow the "guest soap" custom. Detergents, too, are now readily available throughout Thailand.

Contributing to the availability of soap and detergents are two local plants licensed by Colgate and Lever Brothers, which produce items previously imported from various countries. While some soaps (particularly fancy brands) are still imported, the greatest volume is now of domestic manufacture.

The operation of these plants should increase the demand for fats and oils. While much oil could come from Thai oilseed crops, the local oil-extraction industries are not sufficiently developed to provide all that will be needed. Nor is tallow produced as abundantly from Thai cattle and buffalo as it is from cattle fattened longer in pen or pasture. Thus, tallow imports should grow, particularly if a rise in per capita income sustains the demand for soap.

At present, Australia has most of Thailand's tallow trade, but there is no reason why U.S. tallow could not obtain a foothold if interested groups make an effort.

Oriental tobacco—new crop, new export

A completely new venture for Thailand is the production and processing of oriental tobacco. About 2,000 farmers in the northeast have a new source of income in this crop, which follows the rice crop. Thus, they are under less financial pressure to sell their rice immediately after harvest regardless of price. One northeastern farmer earned about $400 from his tobacco crop in 1964.

The Thai Industrial Finance Corporation has an application for a loan to construct facilities for handling this type of tobacco. The plant will probably be in operation by the end of 1966.

Thailand has just made its first export shipments of oriental leaf. The total was only 130 tons, and as the quality was not of the best, it did not bring top prices. (It is expected that the new plant will do much to improve quality.) Thus, a new product has become available as an export earner, and Thailand can be expected to become a source of oriental in the future, thus providing competition for the traditional suppliers of this leaf such as Turkey, Greece, and Yugoslavia.

Chain reaction from agri-industries

These are the principal industrial changes that are affecting Thailand's agriculture and its trade in agricultural products. Beyond their immediate effects, however, others are becoming discernible. More factory employment is creating new demands for clothing and food; these demands mean new marketing opportunities to Thai farmers and possibly to the farmers of other countries also.

From the international trade standpoint, Thailand by developing its agri-industries is not only enlarging its own opportunities to earn foreign exchange, but causing pronounced shifts in the exchange-earning opportunities of some of its historic trading partners.

Acreage Diversion, Exports Have Cut U.S. Grain Surpluses

Five years ago, agricultural surpluses were one of the Nation's big concerns. Today, through successful use of exports and acreage diversion programs, U.S. carryover stocks are at manageable levels. This July, the wheat carryover will be nearly 57 percent lower than it was in July 1961; the feed grain carryover on October 1 will be 34 percent lower than in 1961.

Studies by USDA's Economic Research Service show that exports alone would not have brought this sharp cut in the feed grain carryover from 85 million tons to 56 million, nor the cut in the wheat carryover from 1,411 million bushels to 610 million. On the contrary, even with the same export level, total production from harvested and diverted acreage would have pushed feed grain stocks to 333 million tons by this year, and wheat stocks to 1,580 million bushels.

These estimates are based on two assumptions. One is that yields on the acreage diverted would have been only 90 percent of those obtained from the acreage actually harvested. The other is that prices for both wheat and feed grains would have remained at the same levels as in the 1961-65 period.

Diversion and production

For feed grains, stocks this coming October will be more than adequate. For wheat, stocks on July 1 will have been reduced to about a reserve level.

According to a recent statement by Secretary of Agriculture Orville L. Freeman, spring wheat growers have been advised that there will not be a program to reduce 1966 acreages below allotments. The Secretary also said that if it appears by mid-year (1966) that the mid-year 1967 stocks will be below reserve needs, we may wish to increase wheat allotments enough to build stocks back to reserve levels by mid-1968.

Since 1961, an average of 57.2 million acres of land has been withheld from grain production each year under the wheat and feed grain diversion programs and the Conservation Reserve program.

With advancing technology and sharp rises in yields per acre, grain production obviously would have increased had it not been for crop diversion. Feed grain production in 1965 would have been about 229 million tons instead of the actual 161 million; wheat production, about 1,543 million bushels instead of 1,327 million.

Exports further reduce stocks

The feed grain diversion programs during the 5 years from 1961 through 1965 reduced potential production by about 55 million tons each year. At the same time, exports were reducing carryover stocks by an additional 20 million tons annually.

Meanwhile, the expansion of soybean acreage further reduced the area used for feed grains. With the increased exports of soybeans that resulted, production of both soybeans and feed grains was brought into better balance with the requirements of consumers not only in the United States but overseas.

Wheat diversion programs during the same 5-year period were cutting potential production by an average 194 million bushels per year. Wheat exports brought stocks down another 754 million bushels per year.

Thus, both exports and diversion have played important parts in bringing the grain surpluses under control. Exports reduced the existing supplies; but diversion kept them from increasing further.

U. S. FEED GRAIN AND WHEAT PRODUCTION DIVERTED AND EXPORTED, 1961-66

Item	Year					
	1961	1962	1963	1964	1965	1966
Feed grain:	*Million short tons*	*Million short tons*	*Million short tons*	*Million short tons*	*Million short tons*	*Million short tons*
Potential production[1]	191.7	197.4	205.8	191.4	228.9	(2)
Diversion	51.1	54.5	49.4	54.5	67.9	(2)
Exports[3]	16.2	16.9	17.8	20.0	26.5	(2)
Beginning-of-year stocks	84.7	71.8	63.9	69.2	55.6	[4]56.0
What stocks would have been without diversion[5]	—	122.9	169.5	224.2	265.1	333.4
Potential production—	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Diverted	27	28	24	28	30	(2)
Exported	8	9	9	10	12	(2)
Wheat:	*Million bushels*	*Million bushels*	*Million bushels*	*Million bushels*	*Million bushels*	*Million bushels*
Potential production[1]	1,300	1,397	1,363	1,456	1,543	(2)
Diversion	65	303	221	165	216	(2)
Exports[6]	719	637	848	716	850	(2)
Beginning-of-year stocks	1,411	1,322	1,195	901	818	[4]610
What stocks would have been without diversion[5]	—	1,387	1,563	1,490	1,572	1,580
Potential production—	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Diverted	5	22	16	11	14	(2)
Exported	55	46	62	49	55	(2)

[1]Includes actual production plus production on acreage diverted under commodity programs and Conservation Reserve program, assuming yields on diverted acreage would have been 90 percent of the yields on harvested acreage.
[2]Not yet available.
[3]Includes grains and products in grain equivalent for fiscal years.
[4]Estimated.
[5]Derived by adding diversion to beginning-of-year stocks adjusted for change in stocks during the year.
[6]Includes wheat and wheat equivalent of flour.

Yugoslavia Moves Ahead With Economic Reform Measures

By developing a relatively free market within a Communist system, the government apparently hopes to create closer economic ties with the West.

By ROGER E. NEETZ
Foreign Regional Analysis Division
Economic Research Service

After a 2-week debate, the Yugoslav Central Committee on March 11 approved a 15-point resolution to accelerate the carrying-out of economic reforms announced at a Party Congress in December of 1964. This decision, which was favorable to the views of liberal Yugoslav economists, resolved a struggle that has been going on within the Yugoslav Communist Party for more than 5 years. Although further compromises that could delay the final implementation of the reform may take place, the action by the Central Committee is generally recognized as a decisive break-through for the reform group.

The keystone of the resolution is the announced right of individual enterprises to decide independently questions affecting their own economic relationship at home and abroad. In effect, the resolution increases the role of the "self-management" system in directing the course of economic development in Yugoslavia.

Self-management is a Yugoslav concept designed to develop a relatively free market in a Communist system, as opposed to the strict advocacy of administrative centralization and control over the distribution of resources by the State.

As seen by the Yugoslavs, self-management is the synthesis of a free market and a planned economy. Under it, enterprises and associations of enterprises enjoy a relatively high degree of freedom from State control in determining their scale of output and employment, but are restrained in the final distribution of acquired wealth by the rights given to workers to share in its distribution. Thus, self-management minimizes party authority and influences over economic matters relating to the enterprise and maximizes worker participation in the use and distribution of the total product.

Agriculture lagging behind

While agriculture was not the immediate concern of the reform, it was more than coincidental that the Central Committee released its conclusions on agricultural development simultaneously with the announced efforts to accelerate the implementation of its new program of reform.

The report indicated that agricultural production during the past 10 years increased at an average rate of 4.5 percent per year. But despite this relatively strong rate of growth, agriculture has been lagging behind other economic sectors and this failure has been a drag on the entire economy, particularly in the foreign trade sector.

The committee emphasized that one of the basic tasks of the future is to stabilize the market for agricultural products. This can be best achieved by creating adequate reserves, improving transportation, and stabilizing prices. The latter program would be partially achieved through a more decisive foreign trade policy.

No broad shifts in the policy toward collectivization was recommended, but the emphasis on the further strengthening of the socialist sector and raising the standard of living of individual producers through programs of self-management also suggests the government's intent to carry out its social and economic reforms in the countryside.

Party divided over reform

Economic reform has been slowly implemented in Yugoslavia for the past 15 years, but despite this outer display of liberalization there has always been a strong undercurrent of Party opposition to the lessening of centralized control over economic matters. However, against a background of economic instability which developed in 1964, the liberal element of the Party led by Edvard Kardelj criticized the conservative elements for their unnecessary intervention in the direction of economic policy decisions at all levels of administration.

Kardelj endorsed a program that would abolish the central investment fund and alternatively outlined a program that would permit the enterprise or working group to formulate its own investment policy. Kardelj also proposed a reorganization of the price system and tax policies. In effect, he attacked the standard Communist model for economic growth and endorsed programs which he believed would be more efficient and would contribute more to raising the standard of living of the worker.

Monetary measures led to austerity

Legislation passed by the Federal Assembly in late July 1965 enabled the launching of many of the proposed economic reforms. Included in this legislation were the devaluation of the dinar, the removal of export subsidies, and a host of new or supplementary monetary measures which were designed to permit the relaxation of price control in favor of market-determined prices.

Because of the immediate increase in the cost of living the new economic measures were accepted grudgingly by the trade unions and the population. Consumer dissatisfaction was particularly strong against the upward shift in the prices of agricultural products. A freeze on wages also developed because of the new guideline to tie wage increases to an increase in labor productivity.

President Tito and other high officials publicly acknowledged in December of 1965 that the austerity programs that developed after the introduction of reforms in July would probably continue into 1966. He commented further that a period of hardship is necessary if the reforms are to stabilize the economy successfully.

Tito also bluntly criticized political interference in the economy by conservative elements of the Party—rigid advocates of political intervention in economic planning—and joined Kardelj and others in calling increased enterprise self-management essential to the reform's success.

What the reforms include

The major economic reforms announced by the Central Committee on March 11 included:

• Downward adjustment of total investment and the shifting of responsibility for investment decisions to enterprises;

• Right of the enterprises to decide independently on all forms of economic cooperation within the country and also outside its borders;

• Right of the enterprises to invest funds where they have an immediate interest;

• Orientation of policy toward a gradual transition to freer market relations;

• Development of a stable currency system which is suitable to a developed economy and which would lead to the convertibility of the dinar;

• Consolidation of the system of self-management in enterprises and the right of self-management to decide on the formation and distribution of income;

• Responsibility of enterprises to apply themselves to modernization programs, adapting their production programs to the new demands of domestic and foreign markets.

State control loosened

The immediate intent of the reforms is to strengthen the economic viability of the enterprises and affiliate organizations and to reduce the centralization of economic control by the State. The reform thus seeks to revitalize and vindicate the 1950 Yugoslav promise of self-management which has been progressively deprived of real influence by the strong conservative element of the Party.

Tito and others have indicated that the reforms would take at least 4 years to fulfill and that the next 2 years would be especially difficult. Conversely, Party theorists believe that the time to move forward with the reform program is now. Further delays in the implementation would only give fuel to the opposition. Economic observers also have been encouraged by the gains noted in the Yugoslav economy since July 1965 and have modestly commented that the outlook for 1966 appears to be good.

One interesting aspect of the broad powers given to enterprises now suggests that the oft-discussed possibility of introducing a modified form of foreign investment has been considered for expanding tourist facilities, but other types of commerical firms have also expressed an interest in supplying development capital. At this date no clearly defined guidelines have been announced, but the Yugoslav constitution rules out the possibility of equity and management rights of foreign capital. However, it does not exclude the possibility of some form of dividend rate for investment capital.

Closer economic ties with West

The reforms are complex and are still in the early stages of implementation. No clear-cut decision on their success or failure can be made, but the guidelines introduced in July of 1965 and the expressed intent to carry out more of the original programs at this time suggest an internal confidence in the ability to bring the economy back into equilibrium and to put it on a businesslike basis. But surplus labor, shortages of raw materials, and the thin reserves of hard currency in the face of large debt repayments are still thorny economic problems which must be solved during this period of change.

Politically, Tito and the reform group hope to use this opportunity to purge the economy and administration of political deadweight, but closer economic ties with the West appear to be a stronger reason for the reform.

Canada Sees Expanded Cheddar Output To Meet New U.S. Quota

The Canadian Government has announced that if Canada obtains maximum sales under the proposed higher U.S. import quota on Cheddar cheese in 1966-67, as much as 27 million pounds of milk will be needed for the manufacture of an additional 2.5 million pounds of cheese.

(The U.S. import quota has been raised by 926,000 pounds for the rest of fiscal year 1965-66, of which Canada will provide 200,000. The U.S. Tariff Commission is currently studying the advisability of raising the 1966-67 quota by as much as 5,560,000 pounds over the original 1965-66 limit of 2,780,000 and of an additional increase of 1,225,000 pounds applicable only to aged Cheddar. (See *Foreign Agriculture*, April 18, 1966.)

The announcement terms Canada "the world's premier producer of specialty aged Cheddar" and notes that the proposed special quota on this cheese will be of particular interest to Canadian producers. However, it recognizes that other countries may try to sell part of this special quota on the U.S. market. The announcement also points out the possibility of obtaining access for as much as 1.8 million pounds of regular Cheddar annually.

15-year restriction

For more than 15 years, Canada had been restricted to 614,000 pounds each year in its sales to the United States. Canadian dairy interests and politicians have long pressed for increases in the U.S. import quota, particularly for aged Cheddar on grounds that it is a specialty product. Speaking of the proposed new quotas, Canada's Minister of Trade and Commerce, Robert Winters, said: "These relaxation measures are a most welcome step forward in opening up the U.S. market for Canadian Cheddar."

Questioned whether Canada would have enough cheese to fill the increased quota, Minister of Agriculture J. J. Greene said he felt certain dairy farmers "will be able to fill all needs for domestic as well as export markets."

Milk to be diverted

Canada has been exporting about 30 million pounds of Cheddar annually to the United Kingdom, its largest market, and does not want to see its cheese exports merely diverted from the United Kingdom to the United States. Instead, efforts will be made to divert milk from other manufacturing uses, like butter, dry skim milk powder, and dry whole milk, to that of Cheddar.

The 27-million-pound figure actually represents only 0.1 percent of total milk production. In fact, fluctuation in stocks of Cheddar far outweighs the total possible increase of 2.5 million pounds in exports to the United States. February 1, 1966, stocks were 7-15 million pounds greater than on the same date in other recent years. Instead of stocks being drawn down several million pounds in January, they were held back by the trade in view of the strong prospect of higher price levels under the new dairy program.

—Dispatch from R. H. ROBERTS
U.S. Agricultural Attaché, Ottawa

Indian-American Firm Makes First Import Of New Disease-Resistant U.S. Chickens

A consignment of 3,900 chicks of an especially sturdy strain arrived in India from Massachusetts recently. The breeding stock had been purchased (for dollars) by an Indian-American firm which has done much to promote better broilers and eggs in Western India, according to U.S. Agricultural Officer Robert B. Evans at Bombay.

Although the chicks' ability to adapt to Indian conditions has still to be proven, an indication of their sturdiness was their arrival in Bombay in excellent condition after a delay en route of 18 hours. In normal course, the young chicks are supposed to arrive within 48 hours of hatching.

The breed is a cross that has shown its disease-resistant qualities in tests made in other parts of Asia with climates similar to those in India. One of the assets of this strain lies in its high resistance to all kinds of poultry diseases. Another characteristic is its good laying capacity.

The new chick is a layer bird. Ordinarily, in the United States, this bird lays about 270 eggs per laying season. In India, where conditions are not the same it is expected to lay about 220 eggs.

The Indian-American firm, which operates under strict sanitary and disease control measures, produces baby chicks for sale to Indian farmers to raise as layers and broilers. Current hatching capacity is in the neighborhood of 54,000 eggs per week, with doubled output planned.

India's imports of U.S. breeding chicks in the past few years have ranged from 27,000 head in 1963, none in 1964, and 9,748 last year.

Last year, Asia as a whole imported 2,913,000 baby chicks from the United States. Nearly 65 percent of these went to Japan, with Hong Kong next.

Baby chicks, above, in ventilated cardboard crates are unloaded from the plane, and, below, are stacked on dolly.

Below, Robert B. Evans, U.S. agricultural officer, Bombay (r), checks chicks with S. B. Saran, director of Arbor Acres Farm of India; below right, airline personnel note healthy condition of chicks after flight from America.

In speech to world trade group

AID Administrator David Bell Notes Progress In Self-Help, Private Investment, U.S. Trade

For 20 years we in the United States have used a portion of our wealth and our knowledge to help other nations develop their own human and material resources. There is very little else about the aid program that is unchanged from the time we began.

The aid program has now moved entirely to the countries of Latin America, Africa, and Asia. And even in these distressed continents, self-support has been achieved or is imminent in such countries as Taiwan, Israel, Mexico, and Venezuela.

Apart from emergency situations such as Vietnam and the Dominican Republic, we have learned more and more to relate our assistance to the self-help policies and actions of the aid-receiving countries.

The result of this policy is a striking degree of concentration of our development assistance. In the next fiscal year, we expect that some 84 percent of our development loans will be made in only eight countries: Brazil, Chile, Colombia, India, Korea, Nigeria, Pakistan, and Turkey—all of which we expect will be following strong self-help development programs.

Another important change is that year by year since the American aid program began, we have been joined in helping others by those who once benefited from our help. First came the Western European countries, then Japan, then Israel, and even Taiwan. Such countries as Mexico and Nigeria while still receiving assistance can offer help to their neighbors. Last year, the countries of Western Europe, Canada, and Japan together provided over $2 billion in economic assistance. To date, the original beneficiaries of the Marshall Plan have provided as much aid to others as the United States did to help them.

Not all aid-giving countries are as liberal in either the terms or the amounts of their assistance as we would wish, but today both Canada and Britain make development loans on easier terms than does the United States. The entry of other nations into the list of aid donors has been accompanied by the creation and growth of an array of international development agencies beginning with the World Bank, and continuing through the Inter-American Development Bank, the Development Program, the African Development Bank, and most recently the Asian Development Bank. These multilateral institutions are based on a burden-sharing principle that generally calls for American contributions in the order of 40 percent—a figure considerably smaller than the proportion of the United States gross national product to the total GNP of the wealthier nations.

Over these last two decades, there has been a substantial reduction in the impact of the aid program on the U.S. Federal budget, and on our balance of payments as the effect of tying aid to American sources has taken hold. In the past 4 years, the proportion of economic aid appropriations spent directly in the United States for American goods and services has risen from 42 percent to over 80 percent.

The aid program has a number of direct economic effects.

First and most important, a successful aid program helps create strong economies where American trade and investment will flourish.

The past record is well known. After the Marshall Plan, American exports to Western Europe doubled in a few years. The recovery of Japan has produced a quadrupling of our exports to that country. As the second echelon of aid recipients moves more strongly into the world economy, the effect is similar—in Spain, Greece, Taiwan, Israel, and other countries.

There are short-run benefits as well. Under present policies, U.S. economic assistance appropriations are spent almost entirely in the United States. In the last fiscal year this meant nearly $1.2 billion of U.S. exports financed by AID.

To some American businessmen the trade financed by AID is welcome business but is not regarded as self-

U.S. To Take Part in Bologna Food Fair in May

U.S. agriculture will have a trade information booth for the first time at the Bologna Food Fair, May 8-23, in a new approach to U.S. agricultural trade promotion in Italy.

The trade information booth concept will insure U.S. representation at minimum cost at specialized annual fairs, says William L. Scholz, U.S. agricultural officer at Milan.

The purpose of the booth is to advise fair visitors of market development services available in Italy through FAS and its U.S. cooperators, to expand Italian trade contracts, and to promote participation in the Milan Trade Center agricultural exhibits.

The Bologna Fair is Italy's oldest and most popular trade fair specializing in food products. In 1965—the first year in the new permanent fair grounds shown at right on the city's outskirts—the Fair attracted 500,000 people.

Participants this year include Argentina, Austria, Belgium, France, the Netherlands, Hungary, Germany, Poland, and the U.S.S.R. A number of importers handling U.S. food products will be among 3,000 exhibitors having stands in the Commercial Hall.

sustaining. The United States is by far the largest exporting nation in the world, and I suggest that the best attitude for American traders and producers is to consolidate long-range commercial markets where AID has introduced American goods and services and American methods.

Direct assistance to private enterprise is a steadily increasing part of our aid programs. For example, through last June 30, AID has made loans and provided technical assistance to 38 industrial development banks in 23 countries, which in turn made 3,000 sub-loans to borrowers for new or expanded industrial ventures.

We also have a series of important aids to U.S. businessmen considering investments in developing countries. One of the most important is the specific investment guaranty. For a small premium—which, incidentally, has just been reduced—AID will insure an investor against loss from the political risks of expropriation, currency inconvertibility, and damage from war or insurrection. Outstanding coverage as of the first of this year amounted to $2.5 billion. In 1965, a record number of 645 guaranties were issued to provide coverage of $954 million.

AID also issues extended risk guaranties which under certain circumstances protect an investor against commercial risks. These are used on a much more limited basis than are the political risk guaranties.

Under the investment survey program, an investor may contract with AID before making a study of a potential investment. If after the survey he decides to invest, he pays the full cost of it. If he decides against investment, AID pays half the cost, the survey becomes U.S. property and may be used by AID to interest other investors in the same field.

AID has entered into 172 contracts for such investment surveys as of the end of 1965. Nineteen of these had resulted in decisions to invest, representing a potential investment of $49.6 million.

It is inevitably a complex and lengthy task to try to assist in the development of progressive, democratic societies in Asia, Africa, and Latin America. But we have seen considerable gains in this direction and we can see opportunities for more. It is in our strongest national interests that we stay the course.

Philippine Village Bakes Fresh Wheat Foods in "Gas Drum" Oven

Building at right, constructed by Peace Corps volunteer Dick Herman, houses a bakery now supplying fresh baked foods to remote mountain area in the Philippines, second largest cash market for U.S. wheat in Asia.

Left, Mr. Herman looks on as rolls go into oven he devised from a 50-gallon gasoline drum; below, he discusses bakery and its adaptability to other areas with Philippine school official.

Fishmeal Production and Exports by FEO

Production of fishmeal by the six member countries of the Fishmeal Exporters' Organization (FEO), at 289,200 metric tons in January 1966, increased by 10 percent from the 262,900 tons produced in December 1965 and was one-fifth above output in January 1965. The increase was sharply influenced by record output in Peru due to a large fish catch.

Exports of fishmeal by FEO countries during January, at 194,800 tons, were somewhat above the 185,100 tons exported in December yet significantly below the tonnage exported in January 1965. The apparent aggregate increase in stocks of exporting countries during January was 94,400 tons, against only 17,200 tons in January 1965.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES

Country	January			
	Production		Exports	
	1965	1966	1965	1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Angola	6.9	(1)	7.4	(1)
Chile	12.8	33.7	9.0	6.7
Iceland	4.2	5.5	9.6	13.9
Norway	5.9	3.4	13.2	22.7
Peru	194.1	242.4	164.9	144.8
South Africa	8.7	4.2	11.3	6.7
Total	232.6	289.2	215.4	194.8

[1]Not available.
Fishmeal Exporters' Organization, Paris.

Peru's Fishmeal Output Declines

Peru's production of fishmeal in the period October 1, 1965, through March 15, 1966, of the current fishing season is estimated at 885,000 metric tons against 905,000 tons in the corresponding period of 1964-65. Production since December has been sharply above that of the comparable 1964-65 period. The peak was reached in January, when production was estimated at a monthly record of 242,380 tons.

Fish landings from October 1, 1965, through February 28, 1966, are estimated at 5.5 million tons—leaving 1.5 million of the 7-million-ton limit to be caught before the season closes on June 30.

It is estimated that the limit will be reached before mid-May. Reportedly, fish-reduction plant owners, as well as fishermen, have requested the government to increase allowable catch and extend the fishing season.

Production of crude and semirefined fish oil is estimated as substantially below average, owing to the high percentage of *peladilla* in the catch. These are immature fish, which produce less oil than adult fish.

Drought Seriously Affects North African Wheat

Severe drought in Algeria, Morocco, and Tunisia has sharply reduced the wheat crops to be harvested from May to July. Rainfall has been the lowest in many years in these coastal Mediterranean countries of North Africa.

In Algeria, below-normal autumn rains were followed by almost no rain from January 10 through February, usually the month of heaviest rainfall. The situation is most critical in western Algeria. In the Oran and Saida regions, precipitation since September has been below the level considered the minimum essential for cereal production. The worst-hit areas lie between Relizane and Sidi-Bel-Abbès, where many fields are badly burned. Conditions are more favorable in eastern Algeria.

Algeria's wheat crop will be the smallest since the poor crop of 1961, when about 625,000 metric tons were produced. The bumper harvest of 1965 reached 1,350,000 tons.

Drought in Morocco has reduced wheat yield prospects to possibly 25 percent of normal around Marrakech and to the southwest and northwest. Conditions are also serious in the extreme eastern part of the country, but this region should realize at least half a crop. In central Morocco the drought has had little effect. The country's wheat production is expected to be about two-thirds of last year's large crop and about three-fourths of the average 1961-65 production of about 1,120,000 tons.

Tunisia's long drought, which lasted nearly 2 months, was broken by rains which fell over most of the country during the first week of March. As a result, it was believed that cereal crops in the north could be saved, but output of wheat in the center and south, where it is largely a subsistence crop, will be negligible. Government officials tentatively estimate 1966 wheat output at about half the bumper 1965 harvest of 520,000 tons, although it is still too early for a firm estimate.

Record Chilean Dried Prune Pack

Chile's 1966 dried prune pack has been estimated at a record 6,000 short tons—up 400 tons from 1965. The increase is attributed to favorable growing conditions. Reportedly, size may average 70-80 prunes per pound, compared with 60-70 in 1965.

Exports are forecast to increase from 2,900 tons in 1965 to 3,300 in 1966. Between January and October 1965, West Germany was the leading market, followed by Brazil, Peru, and Mexico. In 1964, the United Kingdom was the largest market, taking 42 percent of total shipments.

CHILE'S SUPPLY AND DISTRIBUTION OF DRIED PRUNES

Item	1965[1]	1966[2]
	Short tons	*Short tons*
Supply:		
Beginning stocks (Jan. 1)	900	800
Production	5,600	6,000
Total supply	6,500	6,800
Distribution:		
Exports	2,900	3,300
Domestic disappearance	2,800	3,000
Ending stocks (Dec. 31)	800	500
Total distribution	6,500	6,800

[1]Revised. [2]Preliminary.

Greece May Expand 1966-67 Cotton Area

Preliminary estimates by the Hellenic Cotton Board indicate that area devoted to the 1966-67 cotton crop may be about 15 percent above the 1965-66 planted area of 335,-

000 acres. Reportedly, most of the expected increase will be in irrigated regions.

Reasons given for the increase in area include (1) a guaranteed subsidy of 1.5 drachmas per kilogram of unginned cotton (about 2.25 U.S. cents per pound), higher than rates in effect for the past few years; (2) favorable results obtained from mechanical cotton pickers used in harvesting a portion of the 1965-66 crop; and (3) favorable results obtained from new varieties, which are earlier maturing and longer stapled than many older varieties.

The 1965-66 cotton crop estimate remains at 330,000 bales (480 lb. net), 6 percent above the 1964-65 crop.

Exports of cotton from Greece in the first half (August-January) of 1965-66 amounted to 70,000 bales, 10,000 less than in the same period a year earlier. Quantities shipped to principal destinations during the August-January period, in 1,000 bales and with comparable 1964-65 figures in parentheses, were Poland 16 (13), Yugoslavia 14 (20), Bulgaria 11 (1), Hungary 11 (4), Czechoslovakia 5 (3), and USSR 4 (14).

Portuguese Cotton Imports Higher in 1964-65

Portugal imported 433,000 bales (480 lb. net) of cotton during the 1964-65 season (August-July), 34 percent above the 322,000 bales imported in 1963-64.

The Portuguese overseas Provinces of Mozambique and Angola supplied 166,000 and 13,000 bales, respectively—41 percent of total 1964-65 imports, compared with 126,000 and 22,000 bales, respectively, in 1963-64. Most of the remaining imports during the 1964-65 season were from Turkey (136,000), Nicaragua (56,000), the United States (24,000), and Greece (13,000). In the first 6 months of 1965-66, Portugal imported 163,000 bales, 27 percent less than in the same months a year earlier.

Portugal's cotton industry consumed a record 365,000 bales in 1964-65 and is expected to consume about 390,000 this season. In the first half of this season Portugal used an estimated 185,000 bales, 10 percent more than in the same period of 1964-65. The industry is working near capacity in response to a favorable order-book position. The excess of estimated consumption over estimated imports will result in stocks being pulled down from the high level of 90,000 bales last August 1.

Guatemala Expects Larger Tobacco Harvest

The 1966 tobacco crop in Guatemala is forecast at 7.2 million pounds, compared with a 1965 harvest of 5.5 million. Planted acreage is placed at 8,650 acres against 7,176 in 1965.

The flue-cured crop is estimated at 1.7 million pounds—up 36 percent from the 1965 harvest of 1.3 million despite a 3-percent reduction in plantings. Burley production is forecast at 1.7 million pounds, compared with 1.2 million in 1965 and 1.3 million in 1964. Production of Copan (dark air-cured) is estimated at 3.8 million pounds or about 27 percent above the 1965 harvest of 3 million.

Grower prices for the 1966 flue-cured crop ranged from 16 to 60 U.S. cents per pound and averaged 37 cents, compared with about 35 cents last season. Prices paid for the 1966 burley crop ranged from 16 to 43 U.S. cents and are expected to average about 35 cents. Copan prices varied from 16 to 20 cents and averaged about 18 cents per pound, about the same as a year earlier.

Current outlook for the 1967 tobacco crop indicates that flue-cured plantings may total 1,900 acres, an increase of 42 percent from the 1966 figure of 1,337 acres. An expansion in burley production next year reportedly depends somewhat upon the quality of the 1966 crop and its acceptability by West German importers. If the current crop meets their requirements, the 1967 harvest is likely to exceed the 1966 harvest by 66 percent. At this time, no further increases are planned for Copan.

Canada's Flue-cured Exports Smaller

Canada's 1965 exports of flue-cured tobacco totaled 38.9 million pounds—down 20 percent from the 48.7 million shipped out in 1964. The 1965 average export price was equivalent to 79.1 U. S. cents per pound.

The United Kingdom purchased 32.5 million pounds last year for 84 percent of the total. Hong Kong took about 1.1 million, and most other markets took less than 500,000.

Average 1965 export prices per pound (in terms of U. S. cents) for principal markets were the United Kingdom 85.5, the United States 58.9, the Netherlands 48.1, Belgium-Luxembourg 33.1, and Hong Kong 20.2.

CANADIAN EXPORTS OF FLUE-CURED TOBACCO

Destination	1963	1964	1965[1]	Average 1965 export price
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents per pound*
United Kingdom	27,814	33,756	32,536	85.5
Hong Kong	381	238	1,064	20.2
United States	423	548	680	58.9
Belgium-Luxembourg	775	942	529	33.1
Netherlands	742	764	418	48.1
Malaysia	143	322	377	81.9
Syria	—	—	367	22.5
Germany, West	2,499	3,200	332	39.7
Norway	345	225	307	64.6
Denmark	572	1,013	288	72.8
Portugal	122	294	220	24.0
Japan	—	1,468	—	—
Soviet Union	—	2,712	—	—
Czechoslovakia	—	1,000	—	—
Others	1,776	2,192	1,736	—
Total	35,592	48,674	38,854	79.1

[1]Preliminary.

Argentina's Cigarette Sales Rise Slightly

Cigarette sales in Argentina last year, at 25,192 million pieces, were only slightly above 25,176 million pieces sold in 1964. Sales of filter-tipped cigarettes continued upward, accounting for almost 49 percent of the total, compared with 36 percent in 1964. King-size brands reportedly showed a moderate gain, while regulars declined. Trade estimates indicate that contraband imports still represent about 15 percent of total sales.

Israeli Leaf Tobacco Imports at Record

Israel's imports of unmanufactured tobacco during 1965 totaled a record 7.1 million pounds. Stepped-up purchases from the United States, Greece, Turkey, and Yugoslavia accounted for most of increase. Both Canada and Rhodesia were new sources of supply last year.

Imports of U. S. leaf totaled 1 million pounds, compared with 600,000 in 1964, and consisted mainly of flue-

cured and burley leaf along with significant quantities of blended strips. Imports of Greek tobaccos rose to 2.5 million pounds from 1.4 million in 1964. Takings from Turkey totaled 1.8 million pounds, compared with 1.3 million the previous year. Imports from Canada last year amounted to 174,000 pounds and from Rhodesia 57,000.

ISRAEL'S IMPORTS OF UNMANUFACTURED TOBACCO[1]

Origin	1963[2]	1964[2]	1965[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Greece	888	1,384	2,264
Turkey	800	1,303	1,766
Bulgaria	571	1,226	1,239
United States	514	648	1,045
Yugoslavia	165	148	503
Canada	—	—	174
India	110	212	—
Others	60	185	101
Total	3,108	5,106	7,092

[1]Includes tombac. [2]Preliminary; subject to revision.

Austria Imports More Tobacco

Austria's imports of unmanufactured tobacco in 1965 totaled 26.9 million pounds—21 percent above those of 1964. Bigger purchases from the United States, Rhodesia, Bulgaria, and Turkey offset smaller takings from Greece and Brazil. Poland supplied 1.5 million pounds in 1965, against none in 1964.

The United States was the biggest supplier last year furnishing 5.4 million pounds or 20 percent of the total.

Average prices paid to major suppliers in 1965 (in terms of U.S. cents per pound) were the United States 69, Greece 61, Rhodesia 55, Bulgaria 40, and the Philippines 24.

AUSTRIA'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1964	1965
	1,000 pounds	*1,000 pounds*
United States	4,429	5,369
Rhodesia, Zambia, Malawi	3,232	5,030
Bulgaria	3,420	3,749
Germany, West[1]	698	2,827
Greece	2,874	2,139
Philippines	1,841	1,970
Turkey	956	1,658
Poland	—	1,475
Hungary	463	646
Brazil	1,829	477
Yugoslavia	375	441
China (Taiwan)	469	351
Japan	267	286
Others	1,455	516
Total	22,308	26,934

[1]Mainly re-exports.

Zambia's 1966 Tobacco Harvest Up

The 1966 tobacco harvest in Zambia is forecast at 25.7 million pounds, compared with the 1965 harvest of 20.5 million and the 1964 high of 32.4 million. Unfavorable growing conditions have reduced the final outturn from the early-season goal.

The 1966 flue-cured harvest is currently estimated at 18 million pounds, compared with a 1965 harvest of 14.6 million from 16,253 acres. Burley production is forecast at about 6 million pounds—up substantially from the 4.4 million sold last year on the Lusaka auction market. Production of oriental tobaccos is placed at 1.5 million pounds, compared with 1.2 million in 1965. The harvest of sun air-cured tobaccos is estimated at about 200,000 pounds this season—down substantially from last season's 386,059 pounds.

Plans for the construction of a new flue-cured packing plant in Lusaka have been announced. With this plant in operation, all Zambian-grown leaf harvested from the 1967 crop can be marked "Product of Zambia." The 1966 flue-cured crop will be transported from the Lusaka auction floors to Limbe, Malawi, for packing.

Current production goals for the 1968 harvest season call for 40 million pounds of flue-cured tobaccos and 10 million of burley.

Malawi's Tobacco Harvest Down 25 Percent

The 1966 tobacco harvest in Malawi is estimated at 38.3 million pounds—nearly 25 percent below the record 1965 harvest of 50.3 million. Unfavorable weather conditions have adversely affected final outturn.

The 1966 harvest of fire-cured tobaccos is forecast at 24 million pounds or about one-fourth less than the 1965 harvest of 31.5 million. Preliminary estimates place the harvest of sun air-cured tobaccos at about 6 million pounds, compared with record 1965 sales of 11.1 million. Burley production is placed at 5.4 million pounds, down about 6 percent from the 5.8 million sold last season. The harvest of flue-cured, at 2.8 million pounds, is expected to exceed slightly the 1965 figure of 2.7 million. Production of oriental tobaccos is forecast at about 180,000 pounds, slightly above the 172,075 pounds sold last season.

French Cigarette Sales Increase

Cigarette sales by the French Tobacco Monopoly during 1965 totaled 51.7 billion pieces—up 8.2 percent from 47.8 billion in 1964. Sales of domestic-made brands rose to 49.6 billion pieces from 45.9 billion in 1964. Sales of imported brands totaled 2,146 million pieces, compared with 1,978 million the previous year. These increased imports, particularly from other members of the Common Market, more than offset a drop in sales of U. S. brands from 1,039 million pieces to 851 million.

Thailand Expects Larger 1966 Tobacco Harvest

The 1966 tobacco harvest in Thailand is estimated at 86.3 million pounds from 166,400 acres, compared with last season's harvest of 83.9 million from 162,400 acres.

The 1966 flue-cured harvest is placed at 36.2 million pounds—up slightly from the 36 million produced last year. Burley production is expected to approximate the 1965 harvest of 954,000 pounds. Oriental production is forecast at 705,000 pounds, compared with 650,000 for the previous season. Harvest of native sun-cured is expected to total 48.5 million pounds, up slightly from the 46.3 million produced in 1965.

Japan Uses More U.S. Tobacco

Japanese factories used 31.7 million pounds of U. S. leaf tobacco in 1965—up from 27 million in 1964 and 22.5 million in 1963. U. S. leaf accounted for 8.1 percent of total leaf used last year, compared with 7.5 percent in 1964 and 6.7 percent in 1963.

Cigarette sales in 1965 totaled about 172.7 billion pieces —up 8.4 percent from the 159.4 billion sold in 1964. Sales of brands containing U. S. tobacco rose from 63.6 billion pieces in 1964 to 79.1 billion last year. Of the 79.1 billion sold in 1965, Hi-Lite (a filter-tipped cigarette) accounted for 45.8 billion, and Peace (filter and regular) 18.9 billion.

Sales of filter-tipped brands rose sharply in 1965 and represented about 43 percent of total sales, compared with about 26 percent in 1964 and 18 percent in 1963.

JAPANESE MONOPOLY'S CIGARETTE SALES TO RETAIL SHOPS

Brand	1963	1964	1965[1]
	Million pieces	*Million pieces*	*Million pieces*
Hi-Lite (filter)[2]	23,201	35,024	45,780
Peace[2]	19,937	18,467	[3]18,864
Hope (filter)[2]	2,603	4,316	8,933
AAA[2]	2,866	2,430	1,620
Pearl[2]	1,910	1,880	1,275
Tokyo 64 (filter)[2]	—	347	522
Fuji[2]	310	376	283
Hikari[2]	1,024	738	113
Shinsei	49,290	47,836	44,226
Ikoi	38,411	35,254	28,643
Hibiki (filter)	—	—	12,548
Golden Bat	5,409	4,948	4,722
MF (filter)[2]	—	—	1,741
Midori	3,548	3,096	920
Other	1,841	4,641	2,534
Total	150,350	159,353	172,724

[1]Preliminary; subject to revision. [2]Contains U. S. Tobacco. [3]Total of regular and filter-tipped brands. (Filter-tips were introduced in February 1965.)

Record Nigerian Cocoa Bean Exports

Reflecting large supplies from the bumper 1964-65 harvest, exports of cocoa beans from Nigeria during 1965 reached the record level of 306,911 long tons, up 56 percent over the preceding year.

The United States was the largest recipient, taking 101,348 tons or one-third of the total. Shipments to the Common Market were 120,064 tons, of which the Netherlands and West Germany accounted for 66,596 and 35,008, respectively. Other large recipients were the United Kingdom 53,272, the USSR 10,956 and Canada 10,717.

Nigeria is the world's second largest producer and exporter of cocoa beans.

New Guinea's Cocoa Bean Exports Increase

Exports of cocoa beans from New Guinea and Papua during 1965 amounted to a record 20,818 long tons, up 27 percent over 1964. The United States, taking 5,305 tons, was the largest recipient, followed by Australia with 4,633 tons. Most of the remainder went to the United Kingdom and the Common Market.

Canada Announces 1966-67 Sugarbeet Support

The Canadian Minister of Agriculture has announced that for the 1966-67 crop year beginning September 1, the Agricultural Stabilization Board (ASB) will support sugarbeets at the current level of Can$14.35 per standard ton (2,000 lb.). This floor price is 63 Canadian cents higher than that of the 3 previous crop years 1962-64 and about 105 percent of the base price or recent 10-year moving average.

The announcement was made after pressure to have farmers informed of the 1966-crop price before spring seeding. Because of variations in the world price of sugar, details of the method of support will be announced later by the ASB.

A deficiency payment of Can$3.15 per ton was paid on the 1964 sugarbeet crop, which was supported at Can$13.72 per standard ton on a national basis. For the 1965 crop, the processors' initial price to producers was lower than in recent years because of low world sugar prices last fall, and in December the government authorized a Can$2 advance to growers. Undoubtedly, a further payment by the ASB will be required at the end of the current crop year to bring prices to producers up to the support level.

Seychelles' Cinnamon Exports Higher

Exports of cinnamon from Seychelles during 1965 amounted to 4.2 million pounds, up 58 percent over the preceding year. Shipments to the United States totaled nearly 1.6 million pounds, compared with 974,400 pounds in 1964. Exports to the Netherlands increased fourfold to nearly 800,000 pounds, and shipments to the United Kingdom rose to 1.2 million pounds, against 806,000 pounds in the previous year.

Tanzania's Clove Exports Up

Exports of cloves from Tanzania—the world's largest producer—amounted to 19 million pounds during 1965, up 5 percent from the previous year but still under the 1963 level of 25.1 million pounds.

Shipments to the United States continued to decline, amounting to only 11,200 pounds against 179,200 and 392,000 in 1963 and 1964, respectively.

Indonesia remained the largest recipient, accounting for 7.2 million pounds. Exports to the Soviet Union at 2.3 million pounds, doubled from those of the previous year.

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Increase Announced for Canada-Mainland China Wheat Agreement

The Canadian Wheat Board has recently signed an agreement with Mainland China for the sale of 168 million to 280 million bushels (4.6 million to 7.6 million metric tons) of wheat over a 3-year period beginning August 1, 1966.

This agreement represents an updating of a new 3-year agreement, signed in October 1965, which set the minimum quantity of wheat to be sold at 112 million to 186.7 million bushels (3 million to 5.1 million tons). At that time, it was agreed that prior to May 1, 1966, consideration would be given to increasing quantities to the newly announced range, or altering the agreement to a basis of 5 years and 280 million to 466 million bushels (7.6 million to 12.7 million tons).

The terms of payment under the long-term agreement are 25-percent cash when each vessel is loaded and the balance in 18 months, with interest.

The first contract signed under the current agreement is for 59.7 million bushels (1.6 million tons) to be shipped from August through December of the new crop year. Of this quantity, 37.3 million bushels will be shipped from Pacific coast ports and 22.4 million bushels from St. Lawrence River and Atlantic ports.

The grades concerned will be predominantly No. 4 Northern and No. 5 Wheat, with limited quantities of No. 3 Northern and durum.

As in previous years, a relatively minor portion of the durum and higher grade wheat involved in this sale will go to Albania, with shipment to start prior to August 1.

Mainland China is committed under previous contracts to take approximately 1.5 million tons of wheat from Canada from January through July 1966. Additionally, China has contracts for approximately 1.5 million tons and 0.5 million tons, respectively, from Argentina and Australia during the first half of 1966. This brings their purchases to date for delivery during 1966 to about 5.0 million tons as compared with imports of 5.3 million in 1965 and 6.7 million in 1964.

GRAIN EXPORTS TO MAINLAND CHINA, 1961-1965

Item	Wheat & flour[1]	Corn	Oats	Barley	Total
	1,000 m. t.	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*
1961:					
Argentina	—	45	—	—	45
Australia	2,175	—	77	366	2,618
Burma	—	—	—	—	[2]55
Cambodia	—	12	—	—	12
Canada	1,471	—	—	660	2,131
France	37	—	—	260	297
Germany, West	256	—	—	—	256
USSR	101	—	—	—	201
Total	4,040	57	77	1,286	[2]5,615
1962:					
Argentina	186	[3]400	—	—	[3]586
Australia	1,142	—	63	5	1,210
Canada	1,948	—	—	203	2,151
France	405	—	—	124	529
Germany, West	258	—	—	—	258
Rhodesia	—	54	—	—	54
South Africa	—	27	—	—	27
USSR	110	—	—	—	357
Total	4,049	481	63	332	5,172
1963:					
Argentina	28	—	—	—	28
Australia	3,001	—	—	—	3,001
Canada	1,382	—	—	24	1,406
France	813	—	—	—	813
South Africa	—	163	—	—	163
Total	5,224	163	—	24	5,411
1964:					
Argentina	1,171	232	28	31	[4]1,490
Australia	2,023	—	142	19	2,184
Canada	1,600	—	—	364	1,964
France	421	—	—	154	575
Mexico	450	—	—	—	450
Total	5,665	232	170	568	[4]6,663
1965:					
Argentina	1,379	57	—	—	1,436
Australia	2,247	—	—	5	2,252
Canada	1,550	—	—	—	1,550
France	12	—	—	—	12
Total	5,188	57	—	5	5,250

[1]Includes wheat equivalent of flour. [2]Includes 55,000 tons of rice. [3]Includes 24,000 tons of sorghums. [4]Includes 28,000 tons of sorghums.